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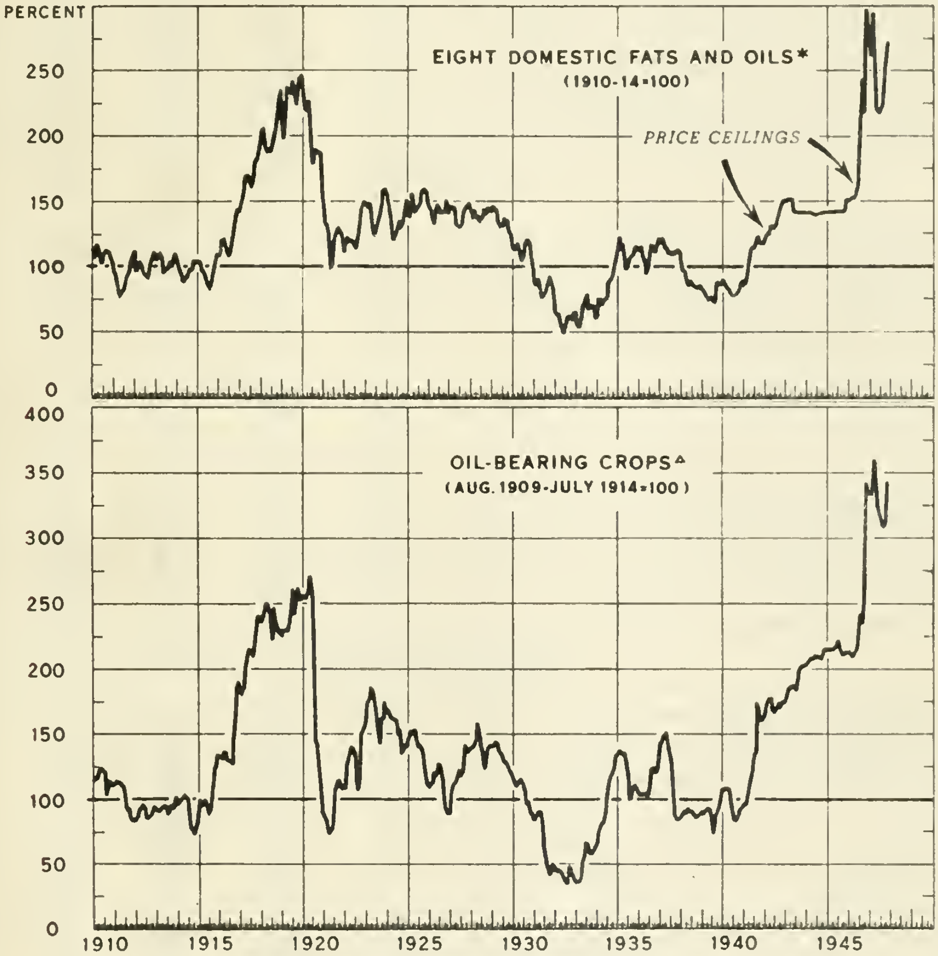
THE Fats and Oils SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FOS-121 BAE OCTOBER 1947

WHOLESALE PRICES OF EIGHT DOMESTIC FATS AND OILS AND PRICES RECEIVED BY FARMERS FOR OIL-BEARING CROPS, UNITED STATES, 1910-47



* BUTTER, LARD, EDIBLE TALLOW, INEDIBLE TALLOW, GREASE, OLEO OIL, COTTONSEED OIL, LINSEED OIL
▲ COTTONSEED, FLAXSEED, PEANUTS, AND (BEGINNING 1935) SOYBEANS

U. S. DEPARTMENT OF AGRICULTURE NEG. 46208 BUREAU OF AGRICULTURAL ECONOMICS

Prices of fats and oils in 1948 will remain high, in relation to the years before 1947, if domestic and export demands for fats and oils continue strong. Oilseed prices in 1948 will be held high not only by high prices of fats and oils but also, at least until mid-year, by unusual demand for oilseed meals.

The longer-term trend in prices of fats, oils, and oilseeds probably will be downward, as export supplies from world surplus-producing areas are likely to increase during the next few years.

Table 1.- Wholesale prices per pound of fats, oils, and glycerin at specified markets, and index numbers of prices of fats and oils, September 1945 and 1946, July-September 1947

PRICES

Item	September		1947		
	1945	1946	July	August	September
	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	41.5	75.8	87.8	74.7	79.8
Butter, 92-score, New York	42.2	77.1	87.4	74.4	80.1
Oleomargarine, dom. veg., Chicago	19.0	20.0.	36.0	38.0	32.0
Shortening, cottonseed, hydrogenated, 10-drum lots, N. Y.	17.8	---	28.8	26.8	27.2
Shortening, cont. animal fat, 1-lb. cartons, Chicago	17.0	---	29.0	28.2	27.5
Lard, loose, Chicago	12.8	17.3	18.0	15.5	21.0
Lard, prime steam, tierces, Chicago	13.8	18.3	18.8	17.2	21.3
Lard, refined, 1-pound cartons, Chicago	15.8	21.5	18.9	18.3	23.2
Oleo oil, extra, tierces, Chicago	13.0	13.0	18.9	18.7	23.4
Oleostearine, loose, N. Y.	1/10.5	1/10.5	15.5	18.0	2/18.0
Tallow, edible, Chicago	9.9	9.9	12.6	12.8	17.5
Corn oil, crude, tanks, f.o.b. mills	12.8	12.8	22.2	20.0	20.5
Corn oil, refined, drums, New York	16.6	---	28.0	27.1	26.9
Cottonseed oil, crude, tanks, f.o.b. S.E. mills	12.8	3/12.5	22.2	18.5	20.6
Cottonseed oil, p.s.y., tank cars, N. Y.	14.3	14.5	4/23.2	4/18.4	4/22.2
Cottonseed oil, refined, drums, New York	16.5	---	28.8	27.5	27.0
Peanut oil, crude, tanks, f.o.b. mills	13.0	13.0	22.0	19.2	20.8
Peanut oil, refined, drums, N. Y.	16.5	---	28.8	27.1	26.5
Soybean oil, crude, tank cars, midwestern mills	11.8	11.8	17.2	15.9	18.8
Soybean oil, refined, drums, N. Y.	15.4	5/15.5	22.8	21.4	23.2
Coconut oil, crude, tank car lots, Pacific Coast 8/	7/11.0	7/11.1	14.3	14.5	16.5
Olive oil, imported, edible, drums, N. Y.	---	68.9	85.1	83.3	85.1
Olive oil, California, edible, drums, N. Y.	60.7	58.7	73.3	70.0	71.7
Sesame oil, tanks, Pacific Coast	15.2	15.2	38.0	25.0	25.0
Tallow, inedible, prime or extra, carlots, Chicago	8.8	8.6	11.8	11.9	16.8
Tallow, No. 1, inedible, Chicago	8.4	8.4	11.0	11.0	15.3
Grease, A White, Chicago	8.8	8.8	11.5	11.5	16.1
Menhaden oil, crude, tanks, f.o.b. Baltimore	8.9	8.9	17.8	13.5	14.9
Menhaden oil, light pressed, tanks, N. Y.	12.2	12.2	20.2	17.8	17.2
Sardine oil, crude, tanks, Pacific Coast	8.9	8.9	13.6	11.9	15.0
Cottonseed-oil foots, raw (50% T.F.A.) delivered, East	3.6	3.6	3.2	3.0	3.9
Linseed oil, raw, tank cars, Minneapolis	14.3	18.6	28.0	27.5	29.3
Linseed oil, raw, drums, carlots, N. Y.	15.5	17.8	30.2	29.1	30.3
Oiticica oil, drums, f.o.b. N. Y.	24.4	28.0	24.2	23.8	26.2
Tung oil, drums, carlots, N. Y.	39.0	39.0	24.1	26.3	25.0
Castor oil, No. 3, drums, carlots, N. Y.	13.8	17.4	27.8	27.8	27.6
Castor oil, No. 1, tanks, N. Y.	13.0	19.5	27.0	27.0	27.2
Castor oil, dehydrated, tanks, N. Y.	17.9	26.4	32.8	30.7	30.0
Cod-liver oil, med., U.S.P., bbl., N. Y.	33.2	35.2	38.4	38.4	38.4
Cod oil, Newfoundland, drums, N. Y.	11.5	11.9	---	21.0	21.0
Degras, common, barrels, N. Y.	11.0	11.0	11.0	11.0	11.0
Glycerin, soaplye, basis 80%, tanks, N. Y.	11.3	11.5	22.5	22.5	22.5
INDEX NUMBERS (1935-39 = 100)					
Eight domestic fats and oils (1910-14 = 100)	142	218	222	224	254
Eight domestic fats and oils (.72*)	140	215	219	221	251
All fats and oils (27 items) (.73*)	148	218	230	234	259
All fats and oils, except butter (26 items) (.82*)	155	170	228	209	243
Grouped by origin:					
Animal fats (.89*)	139	233	219	233	259
Marine animal oils (.77*)	170	171	8/278	288	321
Vegetable oils, domestic (.84*)	180	165	270	229	262
Vegetable oils, foreign (.88*)	177	181	248	244	253
Grouped by use:					
Butter (.67*)	139	257	230	254	272
Butter, seasonally adjusted (.67*)	137	251	249	263	267
Lard (.78*)	135	179	185	168	209
Other food fats (.84*)	168	168	258	221	252
All food fats (.71*)	145	227	230	235	259
Soap fats (.80*)	150	150	200	191	241
Drying oils (.85*)	174	193	285	278	287
Miscellaneous oils (.71*)	154	180	283	303	301
All industrial fats and oils (.82*)	160	168	241	234	265

Prices compiled from Oil, Paint and Drug Reporter, The National Provisioner, The Journal of Commerce (New York), Chicago Journal of Commerce, and reports of Production and Marketing Administration, and Bureau of Labor Statistics. Excise taxes and duties included where applicable. Index numbers of earlier years beginning 1910 are given in Technical Bulletin No. 737 (1940) and The Fats and Oils Situation beginning December 1940.

1/ Barrels. 2/ Tierces. 3/ Southwest mills. 4/ Nearby futures. 5/ Fully refined, winterized. 6/ Three-cent processing tax added to prices as originally quoted. 7/ Bulk, c.i.f. 8/ Applies to sardine and menhaden oils only.

*Multiply by this factor to convert current index number (1935-39 = 100) to old basis (1924-29 = 100).

THE FATS AND OILS SITUATION

Approved by the Outlook and Situation Board, October 22,1947

SUMMARY

Production of oils and fats from domestic materials in the year beginning October 1947 is likely to be somewhat larger than a year earlier. Output of vegetable oils will be larger, owing to sharply increased production of cottonseed and flaxseed in 1947. Output of animal fats probably will decline moderately, partly because of the substantial reduction in the 1947 corn crop.

Export supplies of oils and fats in world surplus-producing areas are likely to continue to increase in 1947-48, although probably not as rapidly as in 1946-47. Last year exports of Philippine copra, Antarctic whale oil, and Chinese tung oil increased sharply over a year earlier. Increases in 1947-48 probably will come mainly from the Netherlands Indies and Africa.

European import demand for fats, oils, and oilseeds is continuing strong. Poor crops in Europe this year have increased European import needs for foods, and fats and oils are a relatively inexpensive source of calories. Demand for oils and fats in the United States also remains strong, as consumer income and industrial activity are at record peacetime levels. Prices of oils and fats in the United States will remain high as long as these conditions continue.

The price of soybeans in 1947-48 is likely to continue well above the support level of $2.04 per bushel for No. 1 or No. 2 green or yellow varieties, 14 percent moisture or less, delivered at country points. This support price has been in effect since October 1944, but market prices have been materially higher since ceilings were removed in October 1946. The season average price to farmers for the 1946 crop was $2.64 per bushel, the highest in 26 years. In mid-October 1947, farmers received an average of $3.11 per bushel.

Present legislation requires that the price of soybeans produced in 1948 be supported until January 1, 1949 at least at 90 percent of the comparable price at the beginning of the marketing season. In mid-October 1947, ninety percent of the comparable price of soybeans was $2.06 per bushel.

The price of No. 1 flaxseed at Minneapolis from July through October 1947 averaged about $6.30 per bushel, 30 cents above the support price for the 1947 crop. Prices to farmers for the 1947 crop apparently will average about $2.00 per bushel above the $4.04 per bushel received a year earlier. In early October 1947, it was announced that the support prices for the 1948 crop will remain at $6.00 per bushel, Minneapolis basis. A national goal of 4.3 million planted acres, equal to the 1947 planted acreage, also was announced.

Prices to farmers for peanuts produced in 1947 probably will average about $200 per ton, the support level. This would be the highest in 28 years. Commercial use of peanuts as peanut butter, salted peanuts, and peanut candy in the United States in 1947-48 may take less than half the crop compared with 65 percent in pre-war when production was smaller. Another 20 percent of the 1947 crop probably will be used as seed, fed to livestock, used for food on farms where grown, or sold locally. A large part of the rest is likely to be exported. There is a strong European demand for oilseeds for crushing and export allocations for the fourth quarter of 1947 provide for 200 million pounds of shelled peanuts for crushing abroad. Additional quantities may be allocated.

If growers adopt marketing quotas in a referendum to be held December 9, 1947, quota peanuts produced in 1948 in compliance with acreage allotments will be supported at 90 percent of parity at the beginning of the peanut marketing year. The parity price of peanuts in mid-October 1947 was $230 a ton. If marketing quotas are not voted, price support will be extended to all peanuts sold, but the required support level will be 90 percent of the comparable price of peanuts for oil. In mid-October 1947 the comparable price of peanuts for oil was $112 per ton.

Prices received by farmers for cottonseed averaged $81 per ton in August-October 1947, the first 3 months for marketing the 1947 crop. The 1946 season average price was $72 per ton. This level was approached only in 1918 and 1919, when the crops brought an average of over $65 per ton. The price of cottonseed during the rest of 1947-48 is likely to stay well above the World War II average of approximately $50 per ton.

(For release November 6, p.m.)

OUTLOOK

BACKGROUND.- Domestic output of fats and oils expanded materially in the early years of the war in response to strong demand and increased prices. In the year beginning October 1943, output reached a peak of 11 billion pounds compared with an average of 8.7 billion pounds for the crop years 1937-41. Domestic production then declined and by 1945-46 was down to 8.9 billion pounds. Output increased in 1946-47 to about 9.6 billion pounds, partly as a result of sharply increased prices for fats and oils after price ceilings were removed in October 1946.

During the advance in production in early war years, output of lard increased more over pre-war than that of any other fat or oil After the 1943-44 crop year, however, lard output declined, reflecting reduced feed supplies and smaller pig crops.

Imports of fats, oils, and oilseeds increased substantially in 1946-47 and for the year totaled nearly 1.4 billion pounds (including oilseeds in terms of oil) compared with only 0.8 billion a year earlier. The chief gains in net imports were in Philippine copra and Chinese tung oil. The United States had a net import balance of about 0.6 billion pounds in 1946-47. A year earlier, there was a net export balance of nearly 0.2 billion pounds. In 1937-41, net imports averaged 1.5 billion pounds annually.

Factory and warehouse stocks of fats and oils on October 1, 1946, were only 1,213 million pounds, the smallest in 18 years and 40 percent below the 1937-41 average. Stocks increased materially during the first 7 months of 1947 but declined in August and September and on October 1, 1947 were only 90 million pounds larger than a year earlier.

Wholesale prices of fats and oils advanced sharply in 1941 and early 1942 but remained at about 140 percent of the 1935-39 average from July 1943 until November 1945. Increases in the price ceilings for butter raised the wholesale price index to 160 percent of the prewar average by June 1946. After price ceilings were removed in October 1946, fat and oil prices advanced sharply. For the 12 months beginning October 1946, they averaged 253 percent of 1935-39, 25 points higher than in the peak year following World War I.

Oilseed prices also advanced sharply after removal of price ceilings in October 1946. Record levels were reached the following year by prices of cottonseed and flaxseed, while soybean and peanut prices approached the 1919-20 peaks. Oilseed prices to farmers for the year beginning October 1946 averaged 325 percent of the 1935-39 level, 84 points above the 1919 peak.

Prices of Fats, Oils, and Oilseeds to Remain Relatively High

Prices for fats, oils, and oilseeds are likely to continue high in the year beginning October 1947 since domestic and export demands are expected to remain strong. Total United States supplies of oils and fats may not be greatly different from 1946-47, when prices were at record highs (cover page chart).

Demand for fats and oils in the United States is supported by record consumer incomes. Personal incomes, after taxes, totaled about 170 billion dollars in 1946-47, compared with 92 billion in 1941, the highest prewar year. Industrial production, another major influence on fats and oils prices, averaged about 185 percent of the 1935-39 level, compared with 162 percent in 1941.

European import demand for fats remains exceptionally strong. Imports of fats and oils into Europe from areas other than the United States increased materially in 1946-47 but still were much below prewar. Production of fats and oils in Europe was about 35 percent below prewar. Except in the Mediterranean area where olive oil is the chief fat produced, animal fats comprise the great bulk of European output. During the war, curtailment of imports of grain and other feedstuffs forced a reduction in pig numbers and reduced the output of milk per cow. Since the war, most of the grain imported has been used for human consumption, so that there has been but little increase in livestock numbers or output of livestock products. Prospects for increasing production of animal fats in 1947-48 are poor, because an unusually cold winter and a dry summer reduced 1947 grain production in Europe.

Domestic and export demand for oilseed meal also is likely to continue strong in 1947-48. Reduced production of feed grains in the United States in 1947 will increase demand for oilseed meals and other types of feed concentrates. Wholesale prices of oilseed meals in 1946-47 averaged over 2.5 times as high as in 1935-39, and were the highest in 27 years of record. European demand for oilseed meals from the United States is exceptionally strong because supplies from other areas are materially below prewar. In 1946-47, net exports of oilseed cake and meal (including meal equivalent of leading oilseeds) by the United States totaled about 50,000 tons compared with an average net import of 140,000 tons in 1935-39. Export controls prevented the shipment of a larger quantity from the United States in 1946-1947.

Animal-Fat Production Probably Will Decline in 1947-1948; Vegetable Oil Output to Increase

Production of animal fats is likely to be somewhat smaller in 1947-48 than a year earlier, partly as a result of the small 1947 corn crop. On October 1, the crop was estimated at 2,459 million bushels, 25 percent less than in 1946. With less corn, hogs and cattle probably will be sent to market earlier and at lighter weights than in 1946-47. Consequently, less fat will be recovered per animal slaughtered. The decline in lard and grease yields per hog probably will more than offset the slight increase expected in the number of hogs to be slaughtered. Cattle slaughter will be less than in the year beginning October 1946, since the number of cattle on farms is smaller and the rate of reduction is expected to be slower.

Lard production in October-December 1947 may be larger than last year. Early marketing of 1947 spring pigs would tend to increase slaughter in October-December and reduce it in January-March 1948. The yield of lard per animal in October-December may be about average, as it was a year earlier. In January-March 1948, the number of hogs slaughtered and yield of lard per hog are likely to be less than in the same period of 1947.

Early marketings of 1947 fall pigs would result in a relatively heavy hog slaughter in April-June 1948, partly at the expense of slaughter in July-September. The yield of lard per animal is likely to be considerably lower in both quarters than the near-record yields of the first two quarters of 1947.

The reduced corn crop this year also may tend to discourage breeding of sows for farrowing in the spring of 1948, which would further decrease lard production in the fall and winter of 1948-49. USDA recently announced a goal of 50 million spring pigs, 3 million less than a year earlier.

Cotton and flaxseed production are much larger this year than last. October 1 prospects indicated a moderate increase in peanut production from last year, but a decline in soybean output. If noncrushing use of oilseeds is about the same as in 1946-47, the outturn of edible vegetable oils in the year beginning October 1947 would be around 3.0 billion pounds, slightly more than the 2.93 billion pounds produced a year earlier. Production of linseed oil from domestic flaxseed July 1947 through June 1948 may total about 650 million pounds, compared with 459 million pounds a year earlier.

Table 2.-Oilseeds: Yield per acre and production, 1945-47

Commodity	Yield per acre 1/				Production			
	Unit	1945	1946	Indicated Oct. 1 1947	Unit	1945	1946	Indicated Oct. 1 1947
Soybeans	Bu.	18.0	20.5	16.9	Mil. bu.	192.1	196.7	181.0
Flaxseed	"	8.7	8.7	9.3	" "	34.6	23.0	40.0
Cottonseed	Lb.	417	386	2/ 437	1000 T.	3,664	3,513	2/ 4,669
Peanuts	"	646	649	677	Mil. lb.	2,042	2,036	2,102

1/ Soybeans, per acre harvested for beans; flaxseed, per acre planted; cottonseed, per acre of cotton in cultivation July 1; peanuts, per acre picked and threshed.
2/ Calculated from the October indication of the 1947 cotton crop and the 1942-46 average ratio between production of seed and production of lint.

Increase in Imports of Fats and Oils Not Likely Despite Probable Rise in World Export Supplies

Total imports of fats and oils into the United States may not increase in 1947-48, despite increasing world supplies. Only small imports of flaxseed or linseed oil will be needed to supplement crushing of the 1947 domestic crop of flaxseed compared with 1946-47 when imports in terms of oil, totaled 195 million pounds (July year).

Increases in imports of other oils and fats resulting from the general improvement in world supplies may not entirely offset the decrease in linseed oil and flaxseed imports. In the year beginning September 1946, imports of fats and oils other than linseed oil totaled 1,190 million pounds, including oil-equivalent of copra and other oil-bearing materials. The leading imports in terms of oil were 802 million pounds of copra and coconut oil, 111 million pounds of castor beans and castor oil, and 109 million pounds of tung oil.

Export supplies of oils and fats in world surplus-producing regions are likely to increase somewhat further in 1948 In 1947, exports from areas outside North America and Europe may be over 6 billion pounds (including oil equivalent of oilseeds) compared with less than 5 billion in 1946 and the 1935-39 average of more than 10 billion.

Exports of copra and coconut oil from the Philippines in 1947 may approximate 1.5 billion pounds in terms of oil compared with 850 million pounds in 1946 and a prewar average of 785 million pounds. Whale oil output is restricted in the 1947-48 season by international agreement limiting whale hunting in the Antarctic to maintain the whale population. Total output of whale oil this season will continue below the prewar rate of over 1 billion pounds annually. Production in 1946-47 was about 700 million pounds.

Areas from which exports of fats in 1947 were lowest compared with prewar were the Netherlands Indies, Manchuria, India, and South America. Copra exports from the Netherlands Indies have increased from 75 million pounds (oil equivalent) in 1946 to an estimated 250 million pounds in 1947. The prewar average was nearly 750 million pounds. Palm-oil exports from the Netherlands Indies in 1947 have been negligible, but a start is now being made toward rehabilitation of palm plantations in Java and Sumatra. But even under the most favorable conditions exports of palm oil in 1948 apparently will not approach the 1935-39 average of about 430 million pounds.

This year, about 2 million bushels of Manchurian soybeans have been exported through China to European countries and Japan. Prewar exports of soybeans and soybean oil from Manchuria averaged about 85 million bushels in terms of soybeans or roughly 750 million pounds in terms of oil. About two-thirds of this went to Europe and most of the remainder to Japan.

Exports of Chinese tung oil to all countries in 1947 are expected to reach about two-thirds of the 1935-39 average of 164 million pounds. Imports into the United States from September 1946 through August 1947 totaled 109 million pounds compared with an average of 123 million pounds in 1935-39. But 1947 exports of other oils from China--principally peanuts and peanut oil, sesame seed, cottonseed and cottonseed oil, and rapeseed--are still less than half the prewar average of about 280 million pounds.

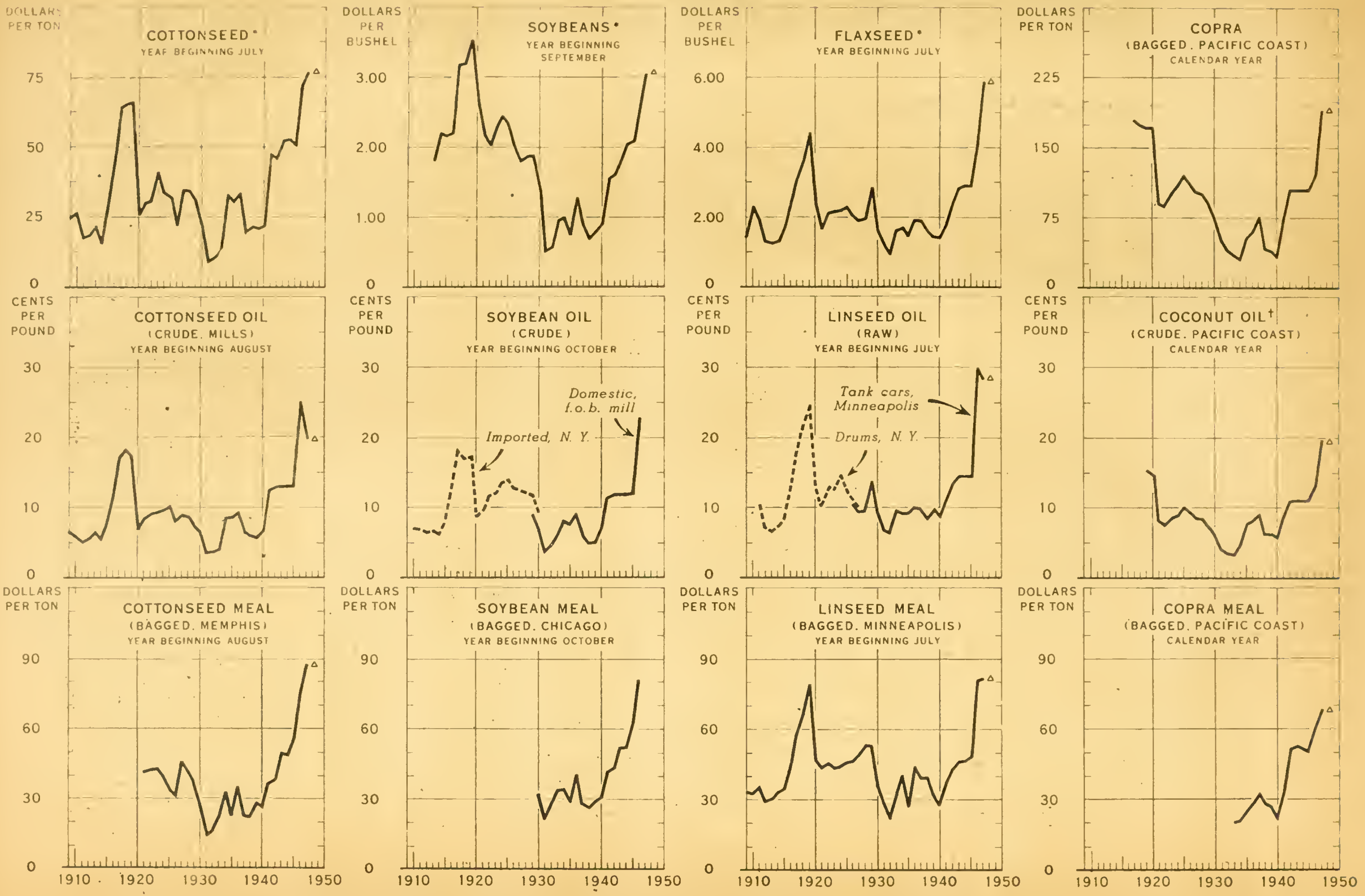
Before the war, India supplied over 900 million pounds, oil equivalent, of peanuts, flaxseed, castor beans, and other oilseeds, principally to Europe. These exports declined materially during the war, partly because of increased consumption of oils in India and partly because of diversion of oilcrop acreage to food crops. The severe drought in 1946 reduced crops and in late 1945 an embargo was placed on exports of oilseeds and oils to conserve food supplies. However, shipments of about 300 million pounds, oil equivalent, of peanuts, castor beans, flaxseed, and the corresponding oils have been authorized for 1947. India is not expected to return to the prewar export volume and eventually may become a net importer.

1947-48 Supply, Disappearance of Fats and Oils to Show Little Change from 1946-47

Total supplies of oils and fats in the United States in the year beginning October 1 probably will not be much larger than a year earlier. Production from domestic materials may be somewhat larger than the 9.6 billion pounds in 1946-47. Increased production of vegetable oils may more than offset a decline in output of animal fats. Factory and warehouse stocks of fats and oils on October 1, 1947 were 90 million pounds larger than the extremely small stocks of 1,213 million pounds on hand a year earlier.

Exports in 1947-48 probably will continue large. In 1946-47, about 800 million pounds were sent to foreign countries and U. S. territories. Export allocations for October-December 1947, which exclude shipments to territories, total 452 million pounds compared with 135 million pounds exported a year earlier. Export policy for 1948 has not been determined. Present legislation authorizing Government control of exports will expire February 29, 1948. European demand for fats and oils probably will remain strong at least until the 1948 harvest, because of the low level of 1947-48 food supplies.

PRICES OF LEADING OILSEEDS AND OILSEED PRODUCTS, UNITED STATES, 1909-47



* SEASON AVERAGE PRICE TO FARMERS Δ AVERAGE OF MONTHS FROM BEGINNING OF 1947 CROP YEAR THROUGH SEPTEMBER

† 3 CENTS ADDED BEGINNING MAY 1934 TO ALLOW FOR PROCESSING TAX

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Disappearance of fats and oils for consumption in the United States in the year beginning October 1947 is not likely to increase much above the 1946-47 level of about 67 pounds per person (all products in terms of fat content).

Soybean Prices Likely to Remain Well Over 1947-48 Support of $2.04 per Bushel

CCC has announced a support-price program for 1947 crop soybeans, through loans and purchases, of $2.04 per bushel for No. 1 or No. 2 green and yellow varieties, 14 percent moisture content, delivered at country shipping points. Black, brown, and mixed soybeans will be supported at 20 cents less than the green and yellow varieties. These supports are the same as those for the 1944, 1945, and 1946 crops. Farmers may obtain loans from CCC, or from lending agencies having contracts with CCC, on soybeans in approved farm storage. The loan rate per bushel is the same as the support price, with 7 cents additional for storage up to April 30, 1948.

Prices to farmers for soybeans in mid-October 1947 averaged $3.11 per bushel. Soybean prices have been well above the support level since price ceilings were removed in October 1946. Prices for soybeans are likely to continue high at least until mid-1948 if consumer incomes continue high. If authorization to control exports is not extended beyond February 29, 1948, European buyers probably will bid strongly for U. S. soybeans and soybean products. Supplies of oilseeds available to the European oilseed crushing industry are far below prewar, and the demand for crushing materials is very strong. Manchuria used to export about 69 million bushels of soybeans annually, with over half going to Europe. In the first 9 months of 1947, less than 2 million bushels were exported from Manchuria to non-contiguous countries.

Present legislation requires soybean prices to be supported through December 31, 1948, at least at 90 percent of the comparable price on September 1, the beginning of the marketing year. Ninety percent of the comparable price of soybeans on October 15, 1947, was $2.06 per bushel.

No substantial surplus in soybeans is likely to develop this crop year or next, even if acreage is maintained at the present level and the yield per acre increases, provided the general level of consumer income and business activity remains high.

Peanut Prices Supported at $200 Per Ton in 1947-48

Prices to farmers for peanuts produced in 1947 will be supported at an average of $200 per short ton (10.0 cents per pound), 90 percent of the parity price of peanuts on July 15, 1947. This is $28 per ton above the support for 1946-crop peanuts, but only about $19 per ton higher than the season average price actually received by farmers. Peanut prices were raised above the support level by strong crushing and export demand during 1946-47. Crushers in early 1947 paid considerably more than the support level. Exports of shelled and unshelled peanuts to all countries in 1946-47 totaled 133,000 short tons (farmers' stock equivalent), of which 40,000 tons went to Canada for the edible peanut trade. Most of the remainder was shipped to European countries for crushing.

Civilian consumption of peanuts as food in 1946-47, crushing excluded, is stimated at 5.2 pounds per person, in terms of shelled peanuts. This was the mallest edible use in 5 years, well below the average of 6.3 pounds in the war ears but above the 1935-39 average of 4.4 pounds. The wartime increase in food ses of peanuts, which occurred despite a rise of over 100 percent in the price reeived by farmers for peanuts, was due to substitution of peanuts for scarce foods s well as to an increase in consumers' income. Consumers' incomes remain far above rewar, but supplies of products that compete with peanuts for the consumers' dollar re much more abundant than during the war. With peanut prices at a record level onsumption of peanuts in "edible" peanut products may decline somewhat further in 7-48.

Export demand for peanuts for crushing remains strong. Export allocations r shelled peanuts in October-December 1947 total 100,000 tons (equivalent to 5,000 tons of farmers' stock peanuts) and may be increased. These allocations do ot include peanuts to be exported for noncrushing uses.

A national marketing quota of 760,000 tons of farmers' stock peanuts was prolaimed for the 1948 crop by the Secretary of Agriculture, on July 17, 1947. Acree allotments corresponding to this quota total 2,438,259 acres, 21 percent less n the indicated acreage to be picked and threshed in 1947.

On December 9, 1947, peanut growers will vote on whether or not to authorize rketing quotas and acreage allotments for the crops of 1948, 1949, and 1950. If uotas and allotments are authorized, quota peanuts produced in 1948 will be pported at 90 percent of parity at the beginning of the marketing year. If quotas e rejected, all peanuts sold will be supported, but the support level will be 90 rcent of the comparable price of peanuts for oil July 15, 1948. The comparable rice of peanuts for oil is approximately one-half of the parity price of peanuts.

laxseed Prices Continuing High

Following termination of price ceilings in October 1946, flaxseed prices ose sharply from the ceiling level of $4.00 per bushel, (Minneapolis basis). The all 1946 crop and small imports of linseed oil and flaxseed, in conjunction with rong domestic demand for linseed oil and meal, raised prices to a peak of $8.50 r bushel by March 1947. The average price to farmers for the 1946 crop was .04 per bushel. A large part of the crop had been sold in the late summer and rly fall, before price ceilings were removed.

Prices of 1947-crop flaxseed are being supported at $6.00 per bushel, Minneapolis basis), through loans to farmers and contracts with processors. The rket price in July-October averaged about $6.30 per bushel. In late October the rice was $6.80 per bushel. Recently announced acreage goals for the 1948 crop all for 4.3 million, about the same that was planted in 1947. The support price ill continue at $6.00 per bushel, basis No. 1 flaxseed, Minneapolis.

The 1947 crop of flaxseed, estimated to be 40 million bushels, probably will produce about 650 million pounds of linseed oil. This probably is sufficient to meet the domestic demand at present high prices. The price of linseed oil (raw, tank cars) at Minneapolis in late October was around 30 cents per pound compared with the wartime ceiling of 14.3 cents and a 1935-39 average of 9 cents per pound. Commodity Credit Corporation, in contracts with processors, has agreed to support the price of linseed oil in 1947-48 at 26.7 cents per pound, basis tank cars, Minneapolis, with differentials for other points.

Since removal of price ceilings, linseed oil has been priced high in relatic to soybean oil. The spread between linseed and soybean oils was especially pronounced in the spring of 1947, when the price of linseed oil averaged 33.9 cents pe pound (raw, tank cars, Minneapolis) compared with 22.3 cents for soybean oil (crude Midwest mills). In October, these prices were around 30 and 20 cents respectively. The 1935-39 averages were 9.2 and 6.8 cents per pound.

Soybean oil is being substituted to a considerable extent for linseed oil ir paints and varnishes and indirectly through use in the manufacture of alkyd resins. The price differential of the past year has encouraged the use of soybean oil in drying-oil products. In April-June 1947, the use of soybean oil in these products at the rate of about 160 million pounds a year compared with 37 million pounds in 1937-41.

In addition to 600 to 650 million pounds of linseed oil and perhaps 200 million pounds of soybean oil, probably 100 million pounds or more of tung oil will be available in 1947-48 for use in drying-oil products, plus smaller quantities of fis dehydrated castor, and cititicica oils. Total use by the drying-oil industry may approach 1.1 billion pounds compared with 905 million pounds in 1946-47 and 352 mil lion pounds annually in 1937-41.

RECENT DEVELOPMENTS

Most Fats and Oils Prices Up Sharply in September and Early October; Butter Down

Prices of most fats and oils other than butter advanced rapidly during September. Prices of inedible tallow and greases increased most sharply and in early October were quoted at 22 cents per pound, twice as high as 2 months earlier Coconut oil, lard, and edible vegetable oils also made substantial price gains.

Butter prices declined contra-seasonally from early September to October. Ninety-two score butter at Chicago on October 28 was 72 cents per pound compared with 84 cents in early September.

The index of wholesale prices of 27 major fats and oils in September was 25 (1935-39 = 100), up 25 points from a month earlier but still 41 points below the March 1947 peak.

Table 3.-Wholesale price per pound of specified fats and oils, October 1947 compared with earlier months

Item	June 1946 1/	August 1947	September 1947	October 1947 (preliminary)
	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	51.5	74.7	79.8	69.8
Lard, loose, Chicago	13.0	15.5	21.0	25.1
Cottonseed oil, crude, tank cars, S.E. mills	12.8	18.5	20.6	21.4
Soybean oil, crude, tank cars, Decatur	11.8	15.9	18.8	20.1
Tallow, inedible, prime or extra, Chicago	8.6	11.9	16.8	21.6
Coconut oil, crude, tank cars, Pacific Coast 2/	3/11.0	14.5	18.5	21.9
Linseed oil, raw, tank cars, Minneapolis	14.3	27.5	29.3	30.4
Tung oil, tank cars, Pacific Coast	38.5	25.2	23.5	25.7

Compiled from reports of the United States Department of Agriculture, Oil, Paint and Drug Reporter, and Chicago Journal of Commerce.

1/ Last full month of wartime price ceilings for most fats and oils.
2/ Three cents added to original quotation to allow for tax on first domestic processing.
3/ C.i.f.

U. S. Allocation of Philippine Copra Increased

The IEFC allocation of Philippine copra to the United States for 1947 was increased in late October from 240,000 metric tons, in terms of oil, to 309,000 metric tons. The revised allocation is equivalent to about 483,000 long tons of copra. In addition, a total of about 44,000 long tons of copra are to be shipped to the United States in 1947 for re-export to other countries, either as copra or as coconut oil. Shipments of copra from the Philippines to the United States in January-September totaled 375,000 long tons.

Table 4.- Imports and exports of fats, oils, oil-bearing materials, and fat-and-oil products, in terms of oil, average 1937-41, annual 1946, January-August 1946 and 1947

Item	Imports for consumption				Exports 1/			
	Average 1937-41	1946	January-August		Average 1937-41	1946	January-August	
			1946	1947 2/			1946	1947 2/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Food fats and oils								
Butter	3.8	7.0	1.0	.1	9.5	3/18.8	3/16.5	3/11.7
Lard	4/	4/	4/	4/	272.7	469.9	395.7	237.4
Oleo oil	---	---	---	---	3.8	.1	4/	.1
Oleo stock	---	---	---	---	2.9	---	---	1.2
Stearine, animal, edible	1.0	---	---	---	.3	4/	4/	.2
Tallow, edible	2.9	4/	---	---	.2	4.2	3.7	.3
Total, edible animal fats	7.7	7.0	1.0	.1	289.4	493.0	415.9	250.9
Corn oil	14.2	---	---	---	.3	.4	.3	.1
Cottonseed oil	72.1	---	---	4/	11.0	6.5	2.7	3.0
Cottonseed (15.5 percent)	---	---	---	---	---	1.6	1.1	1.8
Olive oil, edible	48.5	12.7	2.8	6.2	---	.1	4/	.1
Peanut oil	16.1	.1	.1	.1	2.4	.3	.2	1.2
Peanuts, shelled (43 percent)	---	---	---	---	---	6.8	---	41.8
Sesame oil	9.9	4/	4/	.2	---	---	---	---
Sesame seed (47 percent)	4.8	2.3	2.0	3.9	---	---	---	---
Soybean oil	7.0	---	---	4/	10.5	90.4	60.9	48.4
Soybeans (15 percent)	---	---	---	---	30.9	26.2	8.5	10.2
Sunflower oil	.8	.5	.5	4/	5/	6.0	6.0	4/
Teaseed oil	10.0	.1	.1	5.7	---	---	---	---
Vegetable oils, shipments to U.S. territories	---	---	---	---	8.5	8.0	5.4	6.4
Total, edible vegetable oils	183.4	15.7	5.5	16.1	63.6	146.3	85.1	113.0
Soap fats and oils								
Fish oils	2.6	3.1	2.8	2.4	2.7	4.3	3.7	5.2
Greases	---	4/	---	4/	4.5	6.2	4.4	10.1
Marine mammal oils	25.4	1.0	.3	7.3	2.9	.2	.2	4/
Olive oil "foots"	20.2	---	---	---	---	4/	4/	.1
Olive oil, inedible	5.5	.1	4/	.2	---	4/	4/	4/
Palm oil	301.2	37.8	22.9	39.2	17.3	8.0	6.1	8.3
Tallow, inedible		3.1	2.6	1.0	1.5	6.5	4.9	29.7
Total, slow-lathering oils	362.6	45.1	28.6	50.1	28.9	25.2	19.3	53.4
Babassu oil	.4	2.3	2.3	1.5	---	---	---	---
Babassu kernels (63 percent)	48.9	24.9	23.1	13.9	---	---	---	---
Coconut oil	362.8	2.4	1.9	17.5	33.4	49.7	45.0	46.6
Copra (63 percent)	335.9	497.3	244.6	531.4	27.8	---	---	19.5
Murumuru kernels (36 percent) 6/	1.2	.2	.1	4/	---	---	---	---
Palm-kernel oil	28.8	---	---	---	---	---	---	---
Palm-nut kernels (45 percent)	14.8	4/	4/	4/	---	---	---	---
Tucum kernels (43 percent)	2.4	5.5	4.9	7.2	---	---	---	---
Total lauric-acid oils	795.2	532.6	276.9	571.5	61.2	49.7	45.0	66.1
Drying oils								
Flaxseed (34 percent)	351.7	68.4	64.9	5.4	---	.4	.3	.2
Linseed oil	.1	94.4	36.8	117.2	3.3	26.3	26.2	4.8
Oiticica oil	16.0	22.6	14.6	7.1	---	---	---	---
Perilla oil	28.9	---	---	---	---	---	---	---
Perilla seed (37 percent)	5	---	---	---	---	---	---	---
Tung oil	100.4	36.2	13.2	86.1	5.0	1.3	.6	3.8
Total, drying oils	497.6	221.6	129.5	215.8	8.3	28.0	27.1	8.8
Other industrial oils and fats								
Cashew-nut shell liquid (oil)	2.7	3.1	1.7	2.2	---	---	---	---
Castor oil	.5	6.5	3.5	6.6	1.0	1.5	1.3	3.0
Castor beans (45 percent)	95.0	101.8	70.9	70.7	---	---	---	---
Fish-liver oils	46.7	27.4	18.7	10.2	---	10.3	6.8	6.3
Japan wax (tallow)	3.0	---	---	---	---	---	---	---
Neat's-foot oil	---	.1	.1	4/	.6	.4	.3	1.1
Rapeseed oil	10.3	4.0	1.5	2.8	---	1.6	1.5	4/
Vegetable tallow	2.7	.5	.5	.1	---	---	---	---
Wool grease	3.0	1.4	1.1	.1	---	---	---	---
Other vegetable oils and fats	---	.2	.2	4/	13.2	2.5	2.2	1.3
Total, other industrial	163.9	145.0	98.2	92.7	14.8	16.3	12.1	11.7
Manufactured products (fat content)								
Margarine 7/	1.9	4/	4/	4/	1.3	42.4	25.1	14.2
Shortening	1.4	4/	4/	4/	8.0	17.8	14.5	7.6
Soap	2.8	4.2	2.3	.3	30.8	89.6	58.1	44.9
Total, manufactured products	6.1	4.2	2.3	.3	40.1	129.8	97.7	66.7
Military procurement for relief abroad	---	---	---	---	---	22.7	22.6	29.0
Grand total 8/	2,016.7	971.3	541.9	946.8	506.3	910.9	724.9	599.6

Compiled from Monthly Summary of Foreign Commerce of the United States, records of the Bureau of the Census, and reports of the U. S. Department of Agriculture.

1/ Includes shipments to U. S. territories of butter, lard, and manufactured products; reexports of coconut, palm, and tung oils, olive-oil foots, and copra; and reexports in 1946 of certain quantities of whale oil, linseed oil, and sunflower oil reported in imports for consumption. 2/ Preliminary. 3/ Includes actual weight of butter oil and spreads (Army). These were not reported separately prior to 1945. 4/ Less than 50,000 pounds. 5/ Not reported separately. 6/ 1937-41, 35 percent. 7/ Imported margarine goes largely to Puerto Rico and the Virgin Islands. 8/ Computed from unrounded numbers.

Table 5 .- Fats and oils, including oleomargarine and shortening: Factory production from domestic and importer materials, January-August 1947, and factory and warehouse stocks at the end of month, August 1947, with comparative data

Items grouped by major use	Production				Stocks (crude basis)		
	August 1946	August 1947	January-August		August 31, 1946	July 31, 1947	August 31, 1947
			1946	1947			
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Food fats and oils							
Butter 1/	117.7	116.9	789.4	983.8	85.0	83.3	2/88.8
Lard and rendered pork fat 3/	94.8	108.1	919.2	1,158.1	36.6	236.5	202.1
Oleo oil, edible animal stearine, and edible tallow	14.4	12.9	84.1	125.2	6.1	20.6	17.1
Total edible animal fats	226.9	237.9	1,792.7	2,267.1	127.7	340.4	308.0
Corn oil 4/	17.2	20.0	120.4	169.7	21.4	12.9	13.4
Cottonseed oil 4/	25.9	31.1	445.5	458.1	241.0	199.2	144.7
Olive oil, edible	---	---	2.1	1.9	3.2	2.1	1.6
Peanut oil 4/	3.2	2.7	63.9	101.8	36.7	42.0	28.3
Sesame oil	---	---	---	5/	.1	1.0	1.0
Soybean oil 4/	107.4	105.4	1,000.0	1,068.5	228.0	276.4	255.3
Total edible vegetable oils	153.7	159.2	1,631.9	1,800.0	530.4	533.6	444.3
Soap fats and oils							
Tallow, inedible	79.6	84.6	632.9	744.9	129.4	191.9	184.5
Grease, excluding wool grease	42.1	42.6	361.7	364.5	85.7	94.6	99.5
Palm oil 4/	---	---	---	---	21.2	16.8	17.9
Fish oil	24.3	20.7	73.1	56.6	71.9	47.8	69.8
Marine mammal oils	---	---	---	.1	8.0	6.3	5.7
Olive oil, inedible and "foots"	5/	---	5/	5/	.5	.6	.5
Total slow-lathering oils	146.0	147.9	1,067.7	1,166.1	316.7	358.0	377.9
Babassu oil 4/	5/	5/	5/	5/	6.5	4.9	3.7
Coconut oil 4/	39.6	51.9	179.4	523.9	109.2	143.3	117.4
Palm-kernel oil 4/	---	---	---	---	7.1	5/	5/
Total lauric-acid oils	39.6	51.9	179.4	523.9	122.8	148.2	121.1
Drying oils							
Castor oil, dehydrated 6/	.3	2.6	19.8	22.0	3.9	6.3	6.3
Linseed oil	57.2	26.5	410.4	241.5	128.8	157.7	132.7
Oiticica oil	---	---	---	---	7.1	4.2	3.7
Perilla oil	---	---	---	---	7/	7/	7/
Tung oil	5/	---	8/ 8.7	9.6	9.4	67.7	45.5
Total drying oils	57.5	29.1	438.9	273.1	149.2	235.9	188.2
Other industrial oils and fats							
Neat's-foot oil	.1	.2	1.2	1.6	.8	1.1	1.1
Wool grease	1.8	1.8	13.1	14.8	6.5	7.4	6.9
Cod oil and fish-liver oils	.6	.4	4.0	3.7	13.4	11.0	11.0
Castor oil, No. 1 and No. 3 9/	1.0	2.9	36.3	56.0	9.0	19.0	18.7
Rapeseed oil	---	---	---	5/	5.9	4.2	3.8
Other vegetable oils	.9	2.9	35.5	24.4	5.8	7.4	6.3
Total	4.4	8.2	90.1	100.5	41.4	50.1	47.8
Grand total, primary fats and oils 10/	628.1	634.2	5,200.6	6,130.9	1,288.3	1,666.1	1,487.2
Oleomargarine	43.4	50.0	351.4	430.4	N.A.	N.A.	N.A.
Shortening	134.9	99.0	925.5	820.4	42.5	47.1	45.8

Compiled from reports of the Bureau of the Census, except as noted. Data include stocks held by the Government in reported positions.

1/ Creamery butter production and cold-storage stocks, U. S. Department of Agriculture.
2/ Preliminary.
3/ Federally inspected production, USDA.
4/ Stocks, crude oil plus refined oil converted to crude basis by dividing by the following factors: Babassu, corn, cottonseed, palm, and palm-kernel oils, 0.93; coconut, peanut, and soybean oils, 0.94.
5/ Included in "other vegetable oils".
6/ Converted to crude basis by dividing by 0.88.
7/ Less than 50,000 pounds.
8/ Based on revised total 1946 production of 11,046,000 pounds.
9/ Estimated quantity used in manufacture of dehydrated castor oil excluded from production.
10/ Computed from unrounded numbers.

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Table 6. - Price received by farmers and prices at terminal markets for specified oil-bearing materials and oilmeals, September 1945 and 1946, July-September 1947

Item	Unit	September 1945	September 1946	1947 July	1947 August	1947 Sept.
		Dollars	Dollars	Dollars	Dollars	Dollars
				Oil-bearing Materials		
Babassu kernels, f.o.b. Maranhao, Brazil	Metric ton	126.50	143.00	200.00	200.00	190.00
Castor beans, Brazilian ports	Long ton	82.50	1/141.50	160.00	199.60	212.50
Copra, Philippine, c.i.f. Pacific Coast	Short ton	---	110.25	149.75	143.80	175.00
Cottonseed, United States average	" "	51.40	57.80	79.00	75.50	75.60
Flaxseed, No. 1, Minneapolis ...	Bushel	3.10	4.00	6.01	6.00	6.39
Flaxseed, United States average	"	2.89	3.77	5.75	5.73	6.18
Peanuts, No. 1 shelled, Spanish Southeastern shipping points	100 pounds	14.25	14.31	16.12	16.50	16.25
Peanuts, United States average	100 pounds	8.29	8.98	9.55	9.81	10.00
Soybeans, No. 2, Yellow, Chicago	Bushel	2.17	---	3.34	3.11	---
Soybeans, United States average	Bushel	2.07	2.13	3.09	3.07	3.05
				Oilseed Meals 2/		
Copra meal, Los Angeles 3/	Short ton	49.50	59.70	75.10	72.90	79.10
Cottonseed meal, 41 percent protein, Memphis	" "	48.75	62.75	79.45	83.25	89.90
Cottonseed meal, 41 percent protein, Chicago	" "	54.75	---	---	90.35	95.75
Linseed meal, 34 percent protein Minneapolis	" "	4/45.50	4/59.25	78.40	77.90	87.70
Linseed meal, 34 percent protein New York	" "	49.00	---	88.00	87.10	94.60
Peanut meal, 45 percent protein, f.o.b. Southeastern mills	" "	53.25	67.25	80.45	80.00	89.15
Soybean meal, 41 percent protein Chicago	" "	52.00	66.00	89.75	91.90	102.70

Compiled from Oil, Paint and Drug Reporter, Daily Market Record (Minneapolis), Chicago Journal of Commerce, reports of the Bureau of Agricultural Economics, and records of Production and Marketing Administration. 1/ C.i.f. first port of arrival U. S. 2/ Bagged, carlots. 3/ Original quotations adjusted to bagged-carlots basis. 4/ 32 percent protein.